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200849Z Apr 06

UNCLAS ABUJA 000854

SIPDIS

STATE PASS TO USTR, LAURIE-ANN AGAMA

E.O. 12958: N/A

TAGS: ETRD KTEX NI

SUBJECT: NIGERIA'S IMPORT BAN ON TEXTILES: DEMARCHE

REF: STATE 53388

¶1. Summary. As requested reftel, Embassy Abuja presented demarche on textile bans and Milliken's potential order to the Ministries of Finance and Commerce. The ministry officials informed Embassy officials that it would be difficult to grant an exception for Milliken because the GON has just started implementing the ECOWAS Common External Tariff (CET), which should obviate the need for bans and their consequent exemptions in the future. Currently exemptions and waivers from the import prohibition list can only be granted by President Obasanjo, who requires a thorough justification as to why the lack of an exemption would be deleterious to the Nigerian economy. End summary.

Meeting at the Ministry of Commerce

¶2. On Tuesday, April 11, Emboffs met with Dr. Yemi Obafemi, Director for External Trade, to present the demarche. Though Obafemi was sympathetic with Milliken's plight, he confirmed that his hands were tied in this case and advised that we meet with officials of the Ministry of Finance to discuss the issue. He confirmed that approvals for waivers and exemptions of import prohibitions can only be approved by the president, but he was hopeful that, if the CET is properly implemented and strictly adhered to, there will be no outright bans in the future.

Meeting at the Ministry of Finance

¶3. On Tuesday, April 18, Emboffs presented the demarche jointly to Alhaji J. I. Zarewa, Director Home Finance; Mr. I. K. Oguejiofor, Deputy Director, Fiscal Policy; and Mr. Sani Sidi, Special Assistant to the Minister of State for Finance. The officials reiterated the position earlier stated by Dr. Obafemi of the Ministry of Commerce regarding the CET and that approvals for such waivers can only be granted by the president. Mr. Oguejiofor specifically noted that the GON and manufacturers held several meetings before the CET was agreed upon, and it was too early to start asking for waivers since the CET has only been implemented for just seven months. He said it would be better to allow the CET work for some time, work out the bugs and make amendments where necessary. He stated that, if the CET is allowed to work, there will be no need for bans in the future.

¶4. On Milliken's issue the Ministry of Finance officials advised that a detailed justification must be done by the Nigerian company placing the order for the carpets stating the adverse economic impact the prohibition will have on its operations. Specific questions to be answered will include why the import is critical to its production process; the number of job losses that would result from the shut down in production; and proof that the item to be imported cannot be produced in Nigeria. Mr. Oguejiofor told Embassy officials that if the information requested could be provided, and he was convinced by it, he would prepare a request to the president seeking approval for the items to be imported.